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Application for United States Letters Patent

15

Entitled

AN AUTOMATED MATCHING SYSTEM FOR

20

BORROWERS AND SAVERS

By

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TITLE OF THE INVENTION

An Automated Matching System for Borrowers and Savers

CROSS-REFERENCE TO RELATED APPLICATIONS AND PRIORITY CLAIM

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The present application claims the benefit of a priority date based on applicant's co-pending U.S. Provisional Patent Application bearing serial no. 60/212,718, filed on June 20, 2000.

NOTICE OF COPYRIGHTED MATERIAL IN DISCLOSURE

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BACKGROUND OF THE INVENTION

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1. Field of the Invention

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The present invention relates to financial transactions via computer, specifically a system and method for effecting an electronic auction between borrowers pre-qualified via a borrower's institution and savers with available funds on deposit with a saver's institution using a third-party auctioneer such that the saver may select the bid at the highest rate of return and the borrower can offer the saver a selected rate of return.

2. Description of the Related Art

A related publication first appeared as web pages at "www.maxrate.com" on the internet in 1999 or 2000. The site was published by Maxrate.com, a corporation founded

5 in 1999 to increase efficiency of the consumer's purchase process for certificates of deposit using an online bid as a vehicle by which its website, customer contacts, and a mission statement are published.

In 1998, Midorikawa et al. invented an electronic dealing system (EDS). This EDS, implemented on a general purpose computer used in processing transactions,
10 established, managed and updated values of credit lines not only between individual customers but also between groups of customers or between one customer and one group of other customers. Plural customers are assembled as a subject, or home group for whom a common credit line is set relative to other customers or customer groups; further, an individual customer or individual group of customers can assemble other, plural
15 customers as an object, or opposing, group and for whom a common credit line is set. A subject or home group may set a common credit line value relative to an individual object or opposing customer or group of customers, and in transaction matching processing in relation to a customer of the home group, a credit line check is performed using the common credit line value of the home group in establishing a transaction with an
20 opposing customer or customer group and the established amount of the transaction is subtracted from the common credit line value of the home group. Using EDS, order side and hit side customers are electronically matched in the same manner borrowers and savers are matched in the current novel invention.

By 1999, Zandi was issued a patent for his "System and Method for Conducting
25 Loan Auction Over a Computer Network." This computer system was for conducting an electronic loan auction over a computer network such as the internet. The computer system included a computer connected to the internet, which performed the following

5 functions: (1) receiving an electronic loan application form from a prospective borrower;
(2) providing such application to a loan authorizer's computer over the computer network
for approval; (3) receiving an electronic message from the loan authorizer's computer
indicating whether or not such loan has been approved; (4) entering the loan application
into a database that is accessible to lenders via the computer network, if the loan is
10 approved; and (5) maintaining the loan application in the database for a predetermined
period of time during which lenders submit bids and the borrower may accept a bid.

The present invention represents an improvement and a novel extension over U.S.
Patent No. 5,611,052 issued to Dykstra et al. on Mar. 11, 1997, U. S. Patent No.
5,797,133 issued to Jones et al. on Aug. 18, 1998, U. S. Patent No. 5,832,462 issued to
15 Midoikawa et al. on Nov. 3, 1998, U. S. Patent No. 5,878,4033 issued to Defrancesco et
al. on Mar. 2, 1998, U.S. Pat. No. 5,966,699 issued to Zandi on Oct. 12, 1999 and U.S.
Patent No. 5,995,947 issued to Fraser et al. on Nov. 30, 1999, the disclosures of which
are incorporated by reference herein in their entirety. These patents use a facsimile-based
front end in which the potential borrower completes an optically scannable form by
20 making black marks where indicated to represent the borrower's information. The form is
faxed to the central location to be scanned and interpreted by a data processor. This
information is used to determine the approval status and credit limit of the borrower *prior*
to implementation of the novel invention herein by a borrower's institution.

SUMMARY OF THE INVENTION

For institutions that qualify to use the system, the novel computer based savings and loan auctioneering system and network enables an automated transaction service that matches savers and borrowers throughout the world. Transactions are evidenced by promissory notes with fixed interest rates, maturities, and principal amounts in denominations ranging from \$5,000 to \$100,000.

The system is accessed through computer terminals, provided by the novel computer based savings and loan auctioneering at nominal cost to the institutions. Each terminal is linked to a state-of-the-art transaction based communications network or the internet. Through the auctioneering system, depository institutions submit a required rate of return (ask price), maturity and dollar amount on behalf of the saver, or a required borrowing rate (bid), maturity and dollar amount on behalf of the borrower. For specific maturities, which range from 1 to 5 years in six month increments, the central processing unit instantaneously matches bids with ask prices in fixed dollar amounts. Cash settlement (on behalf of borrowers and savers) is accomplished through a clearinghouse bank or merely a clearinghouse that is part of the novel computer based savings and loan auctioneering system. A novel sterilization account is employed by the funds auctioneer and enables a substantial increase in investable funds over the life of each loan.

The computer based savings and loan auctioneering system for institutions only is implemented over a communications network and thereby creates an efficient mechanism compared to present practice for savers and borrowers to meet via their financial institutions and enter into a transaction. Using the method and system,

5 depository institutions compete on an equal basis for funds, regardless of size or
geographic location while preserving benefits of their traditional customer relationships.
The auctioneering system substantially reduces the liquidity risk associated with current
banking practices. The method enables institutions to offer attractive borrowing and
investment rates to their customers and concomitantly generate and receive a higher
10 return on capital than with traditional lending.

DESCRIPTION OF THE PREFERRED EMBODIMENT

Fig. 1 is a block diagram of the computer system for the novel invention;

Fig. 2 is a block diagram depicting the method of the novel invention;

Fig. 3 is a block diagram showing funds flow for the method of the invention;
15 and;

Fig.4 is a block diagram showing the redemption aspects of the method.

SPECIFICATION OF THE PREFERRED EMBODIMENT

20 The novel method and system are each specifically engineered and designed for
saver's and borrower's institutions based on each meeting certain pre-defined
liquidity criteria.

Only a portion of the over \$250 billion market is eligible for placement
through the novel computer based savings and loan auctioneering because the system
has been determined to work most efficiently when network member institutions meet
25 stricter capital requirements than public regulatory agencies require. Empirical studies
have shown that the level of capital at an institution has a direct impact on its ability to
meet unexpected cash outflows. Capital is also an indicator of the ability of an

5 institution's creditors (i.e. depositors, certificate holders, note holders) to recover their investments after a default.

The novel computer based savings and loan auctioneering system uses, as a basis for its membership criteria, the benchmark capital to assets ratios employed by the Federal Deposit Insurance Corporation (FDIC), the Federal Home Loan Bank Board (FHLB), and the National Credit Union Association (NCUA). This novel
10 system adds a double digit percentage increase as a safety factor, e.g. at least 50% more, to each of these ratios as an unprecedented level of security. The chart on the following page lists the amount of assets within each institutional group which qualifies members of each group to be a part of and participate in the novel system:

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INSTITUTION	AGENCY CAPITAL REQUIRED	AUCTIONEER'S CAPITAL REQUIRED	QUALIFIED ASSETS (\$BILLIONS)
Commercial Banks	6.0% (5)	9.0%	\$20
Credit Unions	6.3 (6)	9.1	32
Savings and Loans	3.0 (7)	4.5	8
Mutual-Savings Banks	3.0 (8)	4.5	3
Total Market			\$63

AGENCIES

- (5) FDIC equity to assets ratio
(6) NCUA net worth over total assets ratio (industry average for 1980)
(7) FHLB net worth over total assets ratio
30 (8) FDIC net worth over total assets ratio

For qualifying institutions, the novel computer based savings and loan
35 auctioneering system provides an automated transaction service that will match savers and borrowers throughout the United States and the world. Transactions are

5 evidenced by promissory notes with fixed interest rates, maturities, and principal amounts in denominations ranging from \$5,000 to \$100,000.

The present invention provides a system and method for conducting electronic loan and certificate of deposit auctions solely between financial institutions in a novelly structured method. The sole participants are the borrower's institutions and
10 saver's institutions. Successful implementation also requires a funds auctioneer as a processing agent, a surety organization, or guarantor bank, a unique sterilization account, and a clearinghouse.

In accordance with the present invention, a prospective borrower's institution or group of borrower's institutions with an array of pre-processed and pre-approved loans
15 for specified terms and denominations and a prospective saver's institution or group of saver's institutions with an array of pre-processed and pre-approved deposits for specified terms and denominations, by way of the entry criteria for using the system and method obtain a loan transaction or a certificate of deposit at more favorable terms than those institutions would have obtained by traditional ways. The system and
20 method of the present invention offers click-of-the-mouse convenience for both borrower's and saver's institutions. Not only can a borrower's financial institution apply for a loan auction from a computer connected to a computer network or the internet at any location and at any time of the day and a prospective saver's institution submit a bid for a loan from a computer over a computer network or the internet,
25 issuance of the CD, term payments of interest and principal, and redemption are automated.

FIG. 1 is a block diagram of a computer system 10 of the present

5 invention. Computer system 10 comprises at least one computer 20, an auction
network server, for example, preferably connected to a plurality of computer
workstations 22, 24, 26, and 28. Computer 20 is connected to an auctioneer's LAN
and website 30. The computer 20 runs the auctioneer's bid and ask management
software 32. The website or auctioneer's LAN 30 is connected via the bid and ask
10 management software 32 to a plurality of borrower's institutions via borrower's
institution access terminals 34 and 36, for example. The website or auctioneer's LAN
30 is also connected via the bid and ask management software 32 to a plurality of
saver's institutions via saver's institution access terminals 44 and 46, for example.

Referring further to Fig. 1, there is shown access by a surety company to the
15 auctioneer at the auctioneer's LAN 30 via a surety access terminal 48. The surety
access terminal 48 is interconnected to a clearinghouse bank via a clearinghouse bank
terminal 50, which accesses the electronically stored transaction data of the auctioneer
either directly as records and yield curves and related accessible data 52 or via
connection to the auctioneer's LAN 30.

20 Computer 20 is a computer generally known in the field of computers and
computer networks as a server computer or computer server. A server computer
contains hardware and software adapted to communicate with other computers over a
computer network and to make available computer files or software stored in the
server computer or a storage device containing records and yield curves and related
25 accessible data 52, for example, connected thereto such that they can be accessed by
an approved and pre-qualified institution from another computer connected to the
network.

5 connected to the network.

Although one computer server is adequate for the purpose of this invention to achieve the benefit of redundancy, data security and distributed computing, more than one computer server is preferred. In a preferred embodiment, the computer system of the present invention includes a plurality of computer servers
10 connected to LAN 30, in addition to computer server 20 shown in FIG. 1. For example, one server computer may be dedicated to perform functions of communications with the borrower's institution access terminal 34; another server computer for communications with the saver's institution access terminal 44; and yet another computer server for communications with the surety access terminal
15 48. In a preferred embodiment, more than one computer network is used. For convenience, however, only one computer server 20 is shown in the drawings.

Referring again to FIG. 1, in the preferred embodiment, computer 20 is connected to a local area network ("LAN") 30. LAN 30 is connected via bid and ask management software 32 to a plurality of computers or access terminals 34,
20 36, 44, and 46. From any one of access terminals 34, 36, 44, and 46, an institution can access, through LAN 30, computer 20 to work on the software 32 or database contained therein as accessible data 52. Live on-line communications can also be carried out between a member institution, for example saver's institution terminal 46 at any one of computers 20, 22, 24, 26 and 28 on LAN 30 and a borrower's
25 institution via borrower's institution access terminal 36.

The computer system of the present invention operates as follows:
Computer 20 and/or the auctioneer's website or LAN 30 makes available current

5 bids and asks and related data for review that may be viewed, acted on and/or
downloaded by a prospective institution, for example via the access terminals 34, 36,
44, or 46. Software 32 guides the transacting institution step-by-step and sends back
a confirmation to a source terminal (as explicitly depicted in FIG. 2). After receiving
the electronic confirmation, computer 20 forwards confirmation to the other
10 institution via its access terminal and, as depicted in FIG. 2, confirms the transaction
to the surety access terminal 48 and the clearinghouse or bank via bank terminal 50.

Referring to Fig. 2, a preferred embodiment of the novel method of the
invention is illustrated in block diagram form. There is shown a computer funds
auctioneer 60 electronically receiving a set of asks 62 and set of bids 64. The asks 62
15 and bids 64 are electronic messages indicating the principal, term, and interest rate as
well as an electronic signature of the submitting institution and optionally whether the
submission is good for the day, good until cancelled, or good for some specific period
of time.

The method shown in Fig. 2 is implemented through the computer terminals
20 illustrated in Fig. 1 and provided by the novel computer based savings and loan
auctioneering system. Each of a plurality of saver's institutions 66 and borrower's
institutions 68 is interlinked to the auctioneer 60, a clearinghouse bank 70, and a
surety 72 via a transaction based communications network or via the internet. Through
the novel computer based savings and loan auctioneering system, a depository or one
25 of the saver's institutions 66 submits a required rate of return (ask price), maturity and
dollar amount on behalf of the saver 74, one of the borrower's institutions 68 submits

5 a required borrowing rate (bid), maturity and dollar amount on behalf of the borrower
76.

For specific maturities, which range from 1 to 5 years in six month increments, a
server or central processing unit electronically and often substantially instantaneously
matches bids 64 with asks 62, priced in requisite fixed dollar amounts. Cash
10 settlement (on behalf of the borrower 76 and saver 74) is accomplished through a
clearinghouse bank 70 or a clearinghouse that is an essential and a necessary part of
the novel computer based savings and loan auctioneering system whereby funds
transactions are made and confirmed by the computerized funds auctioneer 60 via
electronic confirmations 80, 82, and 84.

15 Shown in Fig. 2, the funds auctioneer 60 issues a certificate of deposit or
electronic auctioneer's certificate 88 authenticated using an electronic signature
through the bank 70. The certificate 88 is a prime rated negotiable promissory note
which is collateralized by the borrower 76. Principal 90 (and interest, see Fig. 3) due
to the saver 74 is primarily guaranteed by the specific institution to the transaction
20 from the borrower's institutions 68. Payment is secondarily guaranteed by the surety
72 that is required in this novel method to be prime rated. The third party which
guarantees the auctioneer's principal 90, discounted principal 92, and principal and
interest payments per unit time 94 (see Fig. 3) is the specific saver's institution
representing the saver from the saver's institutions 66. It is essential to the novel
25 method and the advantages thereof that the auctioneer's certificate 88 of deposit is a
contingent liability to the guarantors, and is reserved against only by the borrower's
institutions 68.

5 Again referring to Fig. 2, payment to the novel computer based savings and loan
auctioneering system consists of a part of a fees distribution 96 that is a cash fee
equal to a fractional percentage, e.g. one-half of one percent, of the face value of each
auctioneer's certificate, for example. The auctioneer's fee is electronically paid by the
clearinghouse bank 70 or a clearinghouse from the fee distribution 96 into an
10 auctioneer's account 100. A similar cash fee from the fees distribution 96, one
percent, for example, is also paid to the surety 72 via a surety account 98. Both the
borrower's institutions 68 and the saver's institutions 66 may each price a cash fee for
each transaction. These fees are electronically paid into a saver's institution account
102 and a borrower's institution account 104. All fees from fee distribution 96 are paid
15 at the time of settlement by the clearinghouse bank 70 or a clearinghouse and are
reflected as discounted principal 92 due to the borrower 76.

With every auctioneer's certificate 88 placed, the borrower's institutions 68 will
also have free use of accrued monthly amortization payments, namely, the principal
payments per time unit 94 made by the borrower 76 into a sterilization account 95
20 (non-interest bearing deposit account) maintained by the funds auctioneer 60.

As shown in Fig. 3, throughout the term of the auctioneer's certificate 88 of
deposit, the borrower's institutions 68 receives monthly principal payments per time
unit 94 and interest payments per time unit 106 from the borrower 76 which accrue in
the sterilization account 95. From this account, interest payments per time unit 106
25 are passed through to the saver 74 on a quarterly or other time unit basis. The
balance of the sterilization account 95 represents interest free investable funds for the
borrower's institutions 68 over the term of the auctioneer's certificate 88.

5 Shown in Fig. 4, at maturity the auctioneer's certificate holder 110 via one of
the applicable saver's institutions 66 issues a redemption notification 112 to the
auctioneer 60 and presents the certificate 88 for redemption at the clearinghouse bank
70. Upon notification of redemption by the clearinghouse bank 70 the matching one
of the borrower's institutions 68 initiates an electronic funds transfer of a principal
10 balance and accrued interest 114 for final settlement and payment of the balance of
principal and accrued interest 114 due on the auctioneer's certificate 88.

15 In addition to the direct economic benefits listed above, the novel computer
based savings and loan auctioneering system when implemented over a
communications network such as the internet also provides many of the operating and
accessibility functions associated with internet securities trading practices. By
providing support functions, such as, an automated clearinghouse and extensive record
keeping, the novel computer based savings and loan auctioneering of bids and asks
actually reduces the likelihood of losses charged to the bank due to operating errors.

20 The novel system and method also reduces the overhead associated with
marketing deposit products, since saver funds can be accessed at the click of a mouse.
All of this relieves member financial institutions and banks of unnecessary operational
burdens, allowing them to offer more competitive rates to their customers or increase
their own profitability.

25 Institutions qualified to participate in the novel computer based savings and loan
auctioneering system perform outwardly in the same capacity as they do now. An
institution is still responsible for evaluating the credit worthiness and collateral of its
borrowing customers utilizing the related prior art software or similar software

5 borrowing customers utilizing the related prior art software or similar software
referenced herein and their associated systems before it accesses the novel computer
based savings and loan auctioneering system. Upon compliance with the funds
auctioneer's credit risk standards, the borrower's institutions query the novel computer
based savings and loan auctioneering system over an available communications
10 network system or the internet for a yield curve comprised of consummated
transactions at six month intervals, for example, ranging from one to five years.

The yield curve serves as a basis for determining the approximate cost of funds
for the borrower. The saver's institutions also have an opportunity to query the novel
computer based savings and loan auctioneering system for the same information. In
15 this case, the curve represents average rates of return the institution can offer its
customers.

In accordance with the operational design of the system, once an institution has
determined its competitive strategy on investment of saver's funds, it inputs the
following information through the novel auctioneering system as shown in Fig. 1: (1)
20 account information (e.g. saver name, address, name of originating institution, etc.);
(2) A required rate of return (ask price), maturity, principal amount, and its own cash
fee for placing funds. Note: Account information is not revealed to either the
borrower's or the saver's institution unless an auction, match, or transaction is
electronically implemented by the funds auctioneer 88.

25 An institution seeking such funds uses the novel system to view a list of all ask
prices (in percent) and associated cash fees (in basis points) submitted by institutions

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1 YEAR			1.5 YEARS			2 YEARS		
Prin.	Rate	Fee	Prin.	Rate	Fee	Prin.	Rate	Fee
5000	8.80	64	5000	9.10	60	10000	9.2	59
10000	9.22	53	10000	9.25	45	15000	9.29	62
10000	9.09	58	15000	9.10	30	15000	9.47	48
25000	8.90	69	15000	9.40	50	30000	9.90	67
50000	9.87	60	90000	10.00	31	95000	10.16	45

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From a terminal display, borrower's institutions 68 choose an offering which provides an adequate return on capital and a competitive borrowing rate for its customer. The institution then inputs its account information and an acceptance message. The system confirms the transaction through both the novel computer based savings and loan auctioneering system 10 implemented over a communications network terminal and/or with a hard copy printed at each institution.

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For those offerings which are not matched, the saver's institutions 66 have the option of either leaving their offers on the system for a pre-specified time or with acceptable limiting parameters or inputting more competitive quotes.

30

After a bid from the bids 64 and ask price from the asks 62 are matched and confirmation 84 is received, settlement is then made between saver 74 and borrower 76. The institution representing the saver 74 receives the principal 90 and initiates a funds transfer (through the novel computer based savings and loan auctioneering system implemented over a communications network terminal), using the clearinghouse bank 70 as agent. The clearinghouse bank 70 or clearinghouse is responsible for reconciling the record of transaction it receives from auctioneer 60 with the funds transfer advice it receives from the specified transaction associated with

5 one of the saver's institutions 66. The clearinghouse bank 70 then receives the full
face value of the auctioneer's certificate 88 of deposit and deducts the following: (a)
The origination fee paid to the institution representing the saver 74; (b) The placement
fee paid to the institution representing the borrower 76; (c) The fee paid to the
auctioneer 60; and, (d) The fee paid to the surety 72 guaranteeing the auctioneer's
10 certificate 88.

When the above fees are deducted and credited to the appropriate accounts 98,
100, 102, and 104, the clearinghouse bank 70 distributes (via electronic funds transfer)
the residual amount discounted principal 92 to the institution representing the
borrower 76 which then passes the funds to the borrower 76. Upon settlement, the
15 auctioneer's certificate 88 is electronically issued by the clearinghouse bank 70 to the
institution representing the saver 74.

Users of the novel invention are vastly more efficient because risk is transferred to
savers and borrowers since the users sell their loans. The loans are actually sold by the
funds auctioneer at the time they are made. By taking on less risk, these institutions
20 generate higher returns on less capital. User institutions need less capital than with a
traditional consumer loan to generate the same level of income. This is because an
institution's capital is allocated only as sterilization account payments become investable
cash assets over the life of the auctioneer's certificate 88. A loan requires that capital be
allocated to the face value as soon as the instrument is originated.

25 The following loan comparison chart uses data from the following table:

Auctioneer's Loan versus Conventional Loan Comparison

ASSUMPTIONS

Auctioneer's Loan versus Conventional Loan Comparison

ASSUMPTIONS

DISCOUNT RATE	=	6.4	%
INVESTMENT RATE	=	9.6	%
AUCTIONEER'S MATCH RATE	=	10.0	%
CONVENTIONAL LOAN RATE	=	15.0	%
SAVER'S INSTITUTION FEE	=	25	basis points
BORROWER'S INSTITUTION FEE	=	75	basis points
AUCTIONEER'S FEE	=	50	basis points
SURETY FEE	=	100	basis points

Compared below are returns on capital generated from a typical one year consumer loan at 15% and a one year loan via the computerized funds auctioneering system at 10% each with a \$10,000 face value:

	<u>Auctioneer's</u> <u>Loan</u>	<u>Regular</u> <u>Loan</u>
Interest income	\$481	\$1345
Non-interest Income (fees)	75	0
Interest Expense	0	(635)
Non-interest Expense	(146)	(293)
Net Income	410	417
Capital Allocated	739	800
Return on Capital	56%	52%

In addition to making more efficient use of capital, the novel computer based savings and loan auctioneering system implemented over a communications network's globalized computer base will permit its member institutions to take full advantage of all fluctuations in their local economies. During periods of high loan demand, an institution can collect cash fees with minimal risk by placing excess saver funds in areas of the country where there is increased demand for credit, and since the saver's institution does

5 ~~x~~ does not have to reserve against its guarantee (this has already been done by the
 borrower's institution), its fees for accessing the novel auctioneer's certificate of deposit
 compare very favorably with stand-by letters of credit and other off-balance sheet
 financial products.

10 In summary, shown below is an actual example of improved rate of return to the
 borrower's institutions using the novel system and method of the invention:

<u>AUCTIONEER'S RETURN IN DOLLARS TO BORROWER'S INSTITUTION</u>					
15	<u>Period</u>	<u>Monthly Cash flow</u>	<u>Investable Funds</u>	<u>Investment</u>	
	<u>Income</u>				
	1	879	879	7	
	2	879	1758	14	
	3	629	2387	19	
20	4	879	3267	26	
	5	879	4146	33	
	6	629	4775	38	
	7	879	5654	45	
	8	879	6533	52	
25	9	629	7162	57	
	10	879	8042	64	
	11	879	8921	71	
	12	629	9558	76	
30	NPV or New Present Value = \$9234				481
	Allocated Capital = 739 = 8% of NPV = 8% x \$9234				

5 For comparison, shown below is an actual example of the lesser rate of return to
the borrower's institutions with a comparable conventional loan:

10 **PRIOR ART OR CONVENTIONAL LOAN RETURN TO BORROWER'S INSTITUTION**

Period	Monthly Cashflows	Interest Portion of Payment	Investable Funds	Investment Income	Total Income
15					
1	903	125	900	7	132
2	903	115	1806	14	129
3	903	105	2708	22	127
4	903	95	3610	29	124
20					
5	903	85	4513	36	121
6	903	75	5415	45	120
7	903	64	6318	50	114
8	903	54	7221	58	112
9	903	43	8123	65	108
25					
10	903	33	9026	72	105
11	903	22	9928	79	101
12	903	11	10831	86	97
Allocated Capital = 8% of \$10,000 = \$800				NPV =	\$1345

30 Shown below in chart form is the borrower's cost of funds:

35 **BORROWER'S COST OF FUNDS**

Period	Auctioneer's Cashflows	Conventional Loan Cashflows
40		
0	9750	10000
1	-879	-903
2	-879	-903
3	-879	-903
45		
4	-879	-903
5	-879	-903
6	-879	-903
7	-879	-903
8	-879	-903
50		
9	-879	-903
10	-879	-903
11	-879	-903
12	-879	-903

5 Examining the novel system from the saver's side of the transaction the following
additional advantage is shown:

SAVER'S YIELD VIA AUCTION SYSTEM

10	PERIOD	CASHFLOWS
	0	-10000
	1	250
15	2	256
	3	263
	4	10269

YIELD = 10.37%

20 One of ordinary skill in this art will readily appreciate that the present invention
is not limited to the exact construction and methodology which has been described
above and which is illustrated in the accompanying drawings, and that various
modifications and changes can be made without departing from natural equivalents
within the scope of what is evident from the disclosure. It is intended that the scope of
25 the invention only be limited by the appended claims pursuant to the doctrine of
equivalents.